

BURKE, ROSEN & ASSOCIATES

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John F. Burke, Jr., Ph.D.

Harvey S. Rosen, Ph.D.

January 7, 2004

Mr. Paul Martins
Helmer, Martins & Morgans, Co. LPA
Fourth & Walnut Center Suite 1900
105 E. 4th Street
Cincinnati, OH 45202

RECEIVED

JAN 10 2004

Helmer,
Martins & Morgans Co., LPA

RE: Roger Owensby

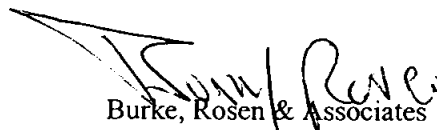
Dear Mr. Martins:

You have asked for my opinion as to the loss of enjoyment of life for Roger Owensby who died on November 7, 2000 at which time he was 29.6 years old. I am happy to do this for you. My findings indicate that the value of the enjoyment of life for Mr. Owensby is \$5,500,370.

Economists have long recognized that humans have value other than the economic value that is embodied in each of our earning capacities. Economists have long understood that people exhibit a willingness to protect human life and, in this country, have even gone to extremes to protect and preserve lives. There are many examples of heroic efforts to save individuals such as children who are trapped in a well or individuals lost in a wilderness. These heroic efforts and the money spent in those activities is not the basis for making a hedonic calculation. Congress and the Executive Branch of the United States have recognized that resources available at the public level are scarce and therefore programs must be prioritized in such a way that society gets the largest return for dollars expended. As a result beginning in 1978, first with President Carter and then with each successive Chief Executive, government programs aimed at safety such as highway or automobile safety are required to be analyzed from the standpoint of the cost of saving human lives in this country. Not only do we know that we in society are willing to expend money at the public level, but there is also ample evidence that individuals are willing to spend money on private goods that also protect and preserve human life. The purchase of airbags or antilock brakes is an example of private consumption to preserve human life. By analyzing what individuals in this society as either tax payers or consumers actually expend, a societal value of human life can be determined. One method is to compare the annual expenditure on some of the above named programs to the annual lives that are saved by utilization of these safety devices. In this report, Table 1 reproduces the results of a number of different studies, which have appeared in the published economics journals where the objective was to make some type of estimate of societal value. Utilizing these studies, I have computed, in 1990 dollars, a per year estimate of life value. Utilizing that per year estimate of life and value, I have adjusted it to 2004 dollars and have reduced it to present value in order to determine the total value of the enjoyment of life of Roger Owensby.

My findings are detailed in this report.

Sincerely Yours,


Burke, Rosen & Associates

HSR:JFB:cs
Enclosure

Preliminary Report
concerning the
Loss of Enjoyment of Life
of
Roger Owensby

Prepared for:

Mr. Paul Martins
Attorney at Law

Prepared by:

John F. Burke, Jr., Ph.D.
Harvey S. Rosen, Ph.D.
Economists

January 7, 2004

Personal Data Sheet

Name:	Roger Owensby		
Date of Birth:	3/27/1971		
Date of Death:	11/7/2000	(14.79% of 2000 Remains)	
Age on:	11/7/2000	29.6	Years
Work Life Expectancy from:	11/7/2000	25.3	Years (15.34% of 2026)*
Age at Expiration of Work Life Expectancy:		54.9	Years Old
Life Expectancy from:	11/7/2000	41.4	Years (25.21% of 2042)**
Age at Expiration of Life Expectancy:		71.0	Years Old

As of 2/1/2004

<u>Name</u>	<u>Relationship</u>	<u>Date of Birth</u>	<u>Age</u>	<u>Life Expectancy</u>
Myescha	Daughter	8/20/1990	13.5	62.7 Years

Note: As of 2/1/2004 91.51% of 2004 Remains

*Length of Working Life for Men and Women, 1979-80, Worklife Estimates, February 1986, Bureau of Labor Statistics, U.S. Department of Labor.

**Expectation of Life at Single Years of Age, by Race, and Sex: U.S., 2000, Arias, E. United States life tables, 2000. National Vital Statistics Reports; Vol 51 No. 3, Hyattsville, Maryland: National Center for Health Statistics, December 19, 2002, pgs. 15, 17, 21, 23 MB

Summary Sheet

The Present Value of Enjoyment of Life

\$5,500,370

Note: as contained on Table 5, Page 8.

Table 1 : Schedule Showing the American Labor Market Studies of the Value of Life.

Author	Year	Implicit Value of Life*
R.S. Smith	1974	\$7,200,000
Thaler & Rosen	1976	\$800,000
R.S. Smith	1976	\$4,600,000
Viscusi	1978, 1979	\$4,100,000
Charles Brown	1980	\$1,500,000
Viscusi	1981	\$6,500,000
Craig Olson	1981	\$5,200,000
Richard Arnould	1983	\$900,000
Richard Butler	1983	\$1,100,000
J.P. Leigh & R. Folsom	1984	\$9,700,000 \$10,300,000
V.K. Smith & Carol Gilbert	1984	\$700,000
Alan Dillingham	1985	\$3,900,000 \$900,000
Leigh	1987	\$10,400,000
Moore & Viscusi	1988	\$2,500,000 \$7,300,000
John Garen	1988	\$13,500,000
Viscusi & Moore	1989	\$7,800,000
Moore & Viscusi	1990	\$16,200,000
T. Kniesner & J. Leeth	1991	\$600,000
H. Herzog & A. Schottman	1987	\$9,100,000
D. Gegax, Gerking & Schulze	1991	\$1,600,000
Average		<u>\$5,495,652</u>

* In 1990 Dollars.

Note: Average calculated by Author. If a study reported a range, an average was calculated.

Source: "The Value of Risks to Life and Health" by W. Kip Viscusi. The Journal of Economic Literature, December 1993, Volume XXXI, Number 4, pages 1926 - 27, Table 2.

Table 2 : Schedule Showing the American Labor Market Studies of the Value of Life in Rank Order.

Author	Year	Implicit Value of Life*
T. Kniesner & J. Leeth	1991	\$600,000
V.K. Smith & Carol Gilbert	1984	\$700,000
Thaler & Rosen	1976	\$800,000
Richard Arnould	1983	\$900,000
Alan Dillingham	1985	\$900,000
Richard Butler	1983	\$1,100,000
Charles Brown	1980	\$1,500,000
D. Gegax, Gerking & Schulze	1991	\$1,600,000
Moore & Viscusi	1988	\$2,500,000
Alan Dillingham	1985	\$3,900,000
Viscusi	1978, 1979	\$4,100,000
R.S. Smith	1976	\$4,600,000
Craig Olson	1981	\$5,200,000
Viscusi	1981	\$6,500,000
R.S. Smith	1974	\$7,200,000
Moore & Viscusi	1988	\$7,300,000
Viscusi & Moore	1989	\$7,800,000
H. Herzog & A. Schottman	1987	\$9,100,000
J.P. Leigh & R. Folsom	1984	\$9,700,000
J.P. Leigh & R. Folsom	1984	\$10,300,000
Leigh	1987	\$10,400,000
John Garen	1988	\$13,500,000
Moore & Viscusi	1990	\$16,200,000
Average		<u>\$5,495,652</u>

* In 1990 Dollars.

Table 3 : Schedule Showing the Moments of the Distribution of the Summary of the Labor Market Studies of the Value of Life.

Mean	\$5,495,652
Standard Error	\$937,798
Median	\$4,600,000
Standard Deviation	\$4,497,522
Range	\$15,600,000
Minimum	\$600,000
Maximum	\$16,200,000
Sum	\$126,400,000
Count	23

Note: Calculated by Author.

Table 4 : Schedule Showing the Average Life Expectancy of the Average Labor Force.

Average Age of the Labor Force	37.7
Life Expectancy from Age 37	40.4
Life Expectancy from Age 38	39.4
Interpolated Life Expectancy from Age 37.7	39.7
1990 Mean American Labor Market Value of Life	\$5,495,652
1990 per Annum American Labor Market Value of Life	\$138,430

Note: Calculated by Author from Expectation of Life at Single Years of Age, by Race, and Sex: 1988.
U.S. Department of Health and Human Services; and via Telephone.

Table 5 : Schedule Showing the Present Value of Enjoyment of Life for Roger Owensby.

1990 American Labor Market Value of Life		\$138,430	Prior Year CPI-U All Items (c)
Year	Present Value Enjoyment of Life		
2000 (a)	\$26,364		168.3
2001	\$184,290		174.0
2002	\$188,209		177.7
2003	\$192,022		181.3
2004	\$195,941		185.0
2005	\$191,162		
2006	\$186,499		
2007	\$181,951		
2008	\$177,513		
2009	\$173,183		
2010	\$168,959		
2011	\$164,838		
2012	\$160,818		
2013	\$156,895		
2014	\$153,069		
2015	\$149,335		
2016	\$145,693		
2017	\$142,139		
2018	\$138,673		
2019	\$135,290		
2020	\$131,991		
2021	\$128,771		
2022	\$125,631		
2023	\$122,566		
2024	\$119,577		
2025	\$116,660		
2026	\$113,815		
2027	\$111,039		
2028	\$108,331		
2029	\$105,689		
2030	\$103,111		
2031	\$100,596		
2032	\$98,142		
2033	\$95,749		
2034	\$93,413		
2035	\$91,135		
2036	\$88,912		
2037	\$86,744		
2038	\$84,628		
2039	\$82,564		
2040	\$80,550		
2041	\$78,585		
2042 (b)	\$19,328		
Totals	\$5,500,370		

(a) 2000 base calculated by multiplying 1990 Annual Value of Life by 1999 CPI-U and dividing by 1990 CPI-U (130.7). All other years grown by prior year CPI-U until 2005 when figures are discounted at 2.5% real. 14.79% of 2000 remains.

(b) Roger Owensby's Life Expectancy is through 25.21% of 2042.

(c) Prior year CPI-U for each year is from October of each year.